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## **SPS ACCOMPLISHMENTS REPORT**

This report represents the ninth annual summary and analysis of USDA's successes in resolving trade barrier issues related to animal and plant health concerns, prepared by USDA's Animal and Plant Health Inspection Service (APHIS). In FY2004, 118 SPS trade-related trade issues involving U.S. agricultural exports were resolved, permitting trade worth over \$4.3 billion to occur.

**FISCAL YEAR 2004**

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**PREPARED BY:**

ANIMAL AND PLANT HEALTH INSPECTION SERVICE  
INTERNATIONAL SERVICES  
TRADE SUPPORT TEAM

APRIL 2005

# SPS ACCOMPLISHMENTS REPORT FISCAL YEAR 2004

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“We should not cut off our nose to spite our face. We must deal with our trading partners as we would want them to deal with us. If we abdicate sound science as the basis of our decisions, then we must use that same approach in our own dealings.”-- Secretary of Agriculture Mike Johanns, February 22, 2005

## **EXECUTIVE SUMMARY**

This report represents the ninth annual summary and analysis of USDA's successes in resolving trade barrier issues related to animal and plant health concerns, prepared by USDA's Animal and Plant Health Inspection Service (APHIS). The Report highlights efforts of the USDA to support the principles of the World Trade Organization (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), by removing barriers to trade, participating in the development of international standards, and promoting the understanding of SPS principles at home and internationally.

In fiscal year 2004 (FY2004), 118 SPS trade-related trade issues involving U.S. agricultural exports were resolved, permitting trade worth over \$4.3 billion to occur. These accomplishments include new or expanded market access for U.S. agricultural products, as well as the retention of export markets. An export accomplishment involves the exchange of technical information with our trade partners that enables trade to take place and satisfies the health concerns of the countries involved.

Likewise, this report addresses import accomplishments where new or expanded access for certain agricultural products to the U.S. market were permitted. A total of 11 such SPS related import accomplishments occurred in FY2004, enabling trade worth less than \$150,000 to occur. APHIS provided new market or expanded access for seven commodities from 23 countries.

The information in this report was gathered from APHIS staffs involved in the management of SPS issues. The Phytosanitary Issues Management staff, part of Plant Protection and Quarantine, and the National Center for Import and Export, part of Veterinary Services, provided the technical expertise to resolve trade related issues. In addition, information was supplied by International Services, particularly the APHIS Foreign Service officers who work closely with their host country counterparts. The Trade Support Team, also part of International Services, compiled the data presented in the report, conducted the analysis, and prepared this report.

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## INTRODUCTION

For the ninth year, APHIS has prepared the annual SPS Accomplishments Report. This report details USDA's successes in the arena of international trade related to sanitary and phytosanitary (SPS) barriers and illustrates the nature and effectiveness of USDA's efforts in the SPS trade area. These activities include the opening, retaining, or expanding of overseas markets for U.S. agricultural products, supporting the work of international standard setting bodies, and technical assistance activities.

In FY2004, 118 SPS trade-related trade issues involving U.S. agricultural exports were resolved, permitting trade worth over \$4.3 billion to occur. These export accomplishments included opening new markets for pork exports to Australia, cherry exports to Philippines, Alaskan seed potatoes to China, four varieties of biotechnology derived corn to Russia, and live cattle to Ukraine. USDA-APHIS retained 87 important markets around the world for products ranging from almonds to beef cherries to pet food to poultry to wood packaging materials. In addition, the United States permitted new or expanded access for imported products from Australia, Chile, China, France, Japan, Mexico, New Zealand, South America, Spain, Taiwan, and the United Kingdom.

This report relies on the following definition for SPS trade issues resolution: a SPS accomplishment takes place when an SPS issue is resolved in a way that enables the movement of commodities and satisfies the health concerns of the countries involved. In addition, we divide SPS accomplishments into three categories: *Market retention* means that access to an existing market is preserved in the face of some action that threatens to close that market. *Market expansion* involves increasing the openness of an existing market, for instance by enlarging the area eligible for export, expanding the number of varieties eligible for export, or reducing mitigation measures (and therefore costs) applied to the export. *Market access* refers to obtaining first time access to a previously closed market or reopening a market that has been closed for some time.

For APHIS, a SPS issue arises when animal or plant health concerns potentially limit the movement of a commodity in international trade. In such instances, APHIS scientists and technical staff enter into discussions with their foreign counterparts on the scientific issues related to the movement of the product. The goal of these discussions is to determine under which conditions trade can take place without presenting a risk to the animal or plant resources of the countries involved.

Import requirements designed to protect the biological health of the agricultural sector can significantly restrict trade. The exchange of technical and scientific information can often convince an importing country that the risk associated with imported products is less than has been perceived or can be safely addressed through certain risk mitigation measures. Like the United States, our trading partners are understandably cautious in determining when and how agricultural trade can occur.

The successes presented in this report, as in previous years, draw on APHIS' recognized expertise in key technical fields, including animal and plant health risk assessment. Another key component is extensive coordination among the U.S. Government agencies involved in SPS trade issues. In addition to APHIS, USDA's Agricultural Marketing Service (AMS), Grain Inspection, Packers and Stockyards Administration (GIPSA), and the Food Safety and Inspection Service (FSIS) supply critical technical input to make trade facilitation possible. Within USDA, the Foreign Agricultural Service (FAS) plays the lead role in developing and implementing trade policy. USDA's partners in resolving SPS trade issues include the Office of the U.S. Trade Representative (USTR), the Department of State, the Environmental Protection Agency (EPA), and the Food and Drug Administration (FDA).

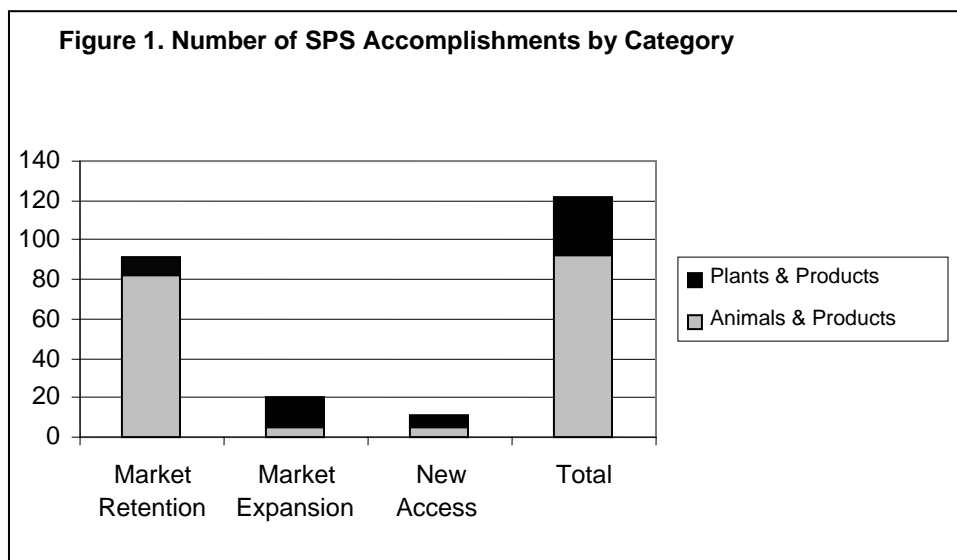
## EXPORT ACCOMPLISHMENTS

In FY2004, a total of 118 SPS-related trade issues were resolved resulting in more than \$4.3 billion worth of export sales (Table 1). These sales were destined for more than 60 countries and involved a variety of products. These products covered the entire range of U.S. agricultural production including pet food and poultry, live animals and animal products, and horticultural products such as propagative materials, nursery stock and seeds. Likewise, the trading partners involved in these SPS issues spanned the globe from Asia and Oceania to Europe, the Middle East, and Africa to the Americas.

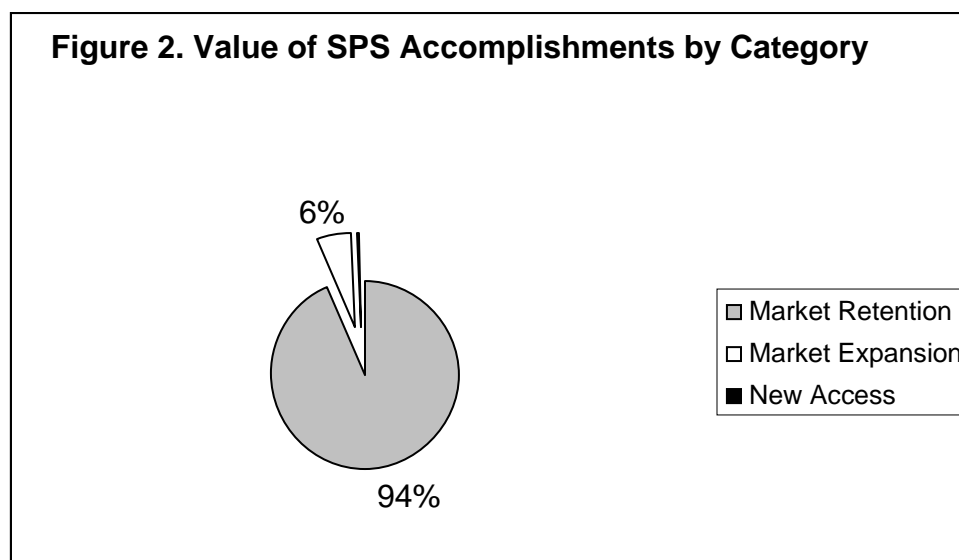
<b>TABLE 1. FY 2004 EXPORT ACCOMPLISHMENTS</b>	
<b><u>Market Retention</u></b>	
Plant Products	\$ 2,749,091,971
Animals & Products	<u>\$1,314,458,210</u>
Total .....	<b>\$ 4,063,550,181</b>
<b><u>Market Expansion</u></b>	
Plant Products	\$ 229,562,768
Animals & Products	<u>\$ 22,849,975</u>
Total.....	<b>\$ 252,412,743</b>
<b><u>New Access</u></b>	
Plant Products	\$ 21,379,004
Animals & Products	<u>\$ 3,000,000</u>
Total.....	<b>\$ 24,379,004</b>
<b>Total.....</b>	<b>\$ 4,340,341,928</b>
Source: USDA <i>Foreign Agricultural Trade of the United States</i> .	

In FY2004, 87 of the 118 SPS export accomplishments involved the retention of existing markets, which accounted for 94 percent of the \$4.3 billion total (Figure 2). Three major areas for market retention in FY2004 included: scaling back restrictions on U.S. soybeans shipped to China; reopening beef and ruminant markets following BSE concerns; and maintaining poultry markets worldwide despite an avian influenza outbreak. Market retention has been the largest of the three categories analyzed in value terms in past reports, with the exception of FY2001, when market expansion exceeded market retention.

In FY2004, 20 export markets were expanded, so that \$252 million in trade occurred. This not quite 6 percent (Figure 2). This included wheat to Brazil, Mexico, Taiwan and Vietnam; corn to Argentina; lifting suspensions that had been placed by China and Mexico on apple packing sheds; mollusks to the European Union; and seafood to Ukraine. APHIS also obtained approval for ring rot testing for seed potatoes in U.S. laboratories, which allows more potatoes to be exported to Canada.

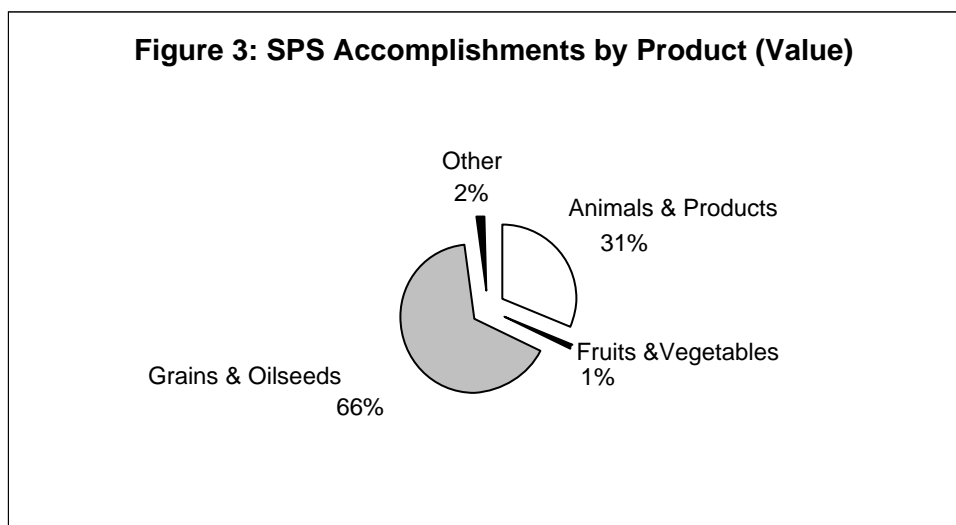


Eleven new markets for various animal and plant products were opened for U.S. exports in fiscal 2004. This is slightly less than 1 percent (Figure 2). The United States gained access for pork exports to Australia. APHIS opened the rough (also known as paddy) rice market by petitioning Guatemala to change its rice requirement and negotiated the phytosanitary requirements for seed potatoes shipped to Panama. In addition, APHIS negotiated with the Philippines to allow the import of cherries under certification, and with China to allow the import of seed potatoes from Alaska. Meanwhile, Russia approved four biotech varieties of corn for import and a new veterinary certificate was negotiated to open the market for live cattle to Ukraine.

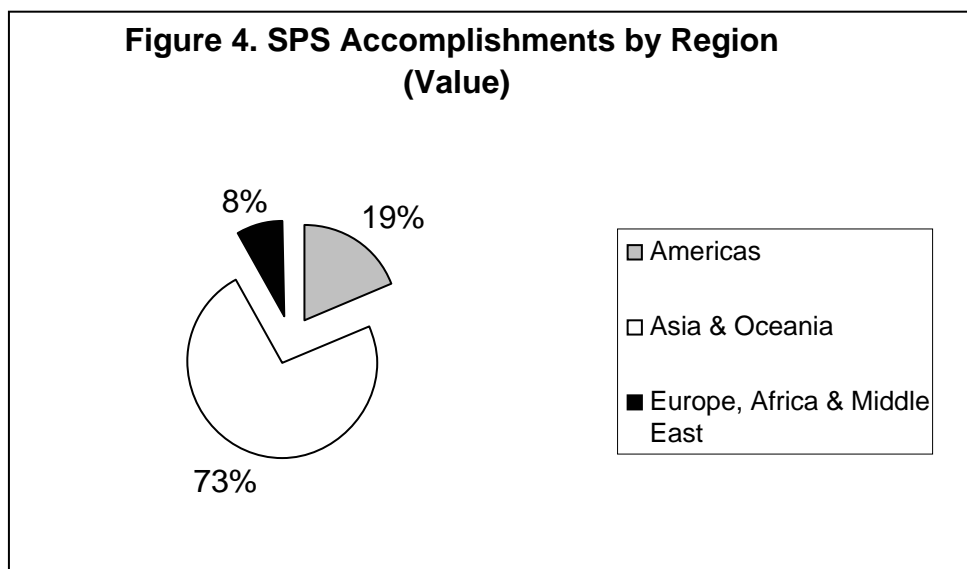


In value terms, exports of plants and plant products made up the largest share of export accomplishments in fiscal 2004-- valued at \$3.0 billion or 68 percent of the total. The primary reason for the increase was the retention of U.S. soybean exports to China, which were worth \$2.6 billion. In addition, APHIS expanded wheat markets by nearly \$200 million total by negotiating protocols for karnal bunt with Taiwan and Vietnam and convincing Brazil to ease its testing requirements on U.S. wheat. Protocols were negotiated for cherries and Alaskan seed potatoes to China in FY2004, but trade

benefits were delayed until FY2005. China again allowed Washington apples and Mexico agreed to allow Michigan apples from previously suspended packing sheds—total trade for those products were estimated at \$6.3 million. APHIS also negotiated a protocol on wood packaging material with South Korea, which benefited both agricultural and non-agricultural exports shipped on wood pallets, but a value in this case is hard to estimate given the breadth of trade that would have been affected.



Markets in Asia and Oceania accounted for the greatest share of the total value of FY2004 export accomplishments. Export sales to the Asia and Oceania region amounted to \$3.2 billion, or 73 percent of the total. Important accomplishments in Asia and Oceania region in FY2004 included soybeans to China (\$2.6 billion); wheat to Taiwan (\$174 million); poultry to Hong Kong (\$96 million); almonds to India (\$92 million); horses to Japan (\$63 million); and poultry to Japan (\$32 million).



In April 2004, APHIS held bilateral technical discussions with our Chinese counterparts regarding the restrictions that China had placed on imports of U.S.-origin soybeans due to repeated detections of the soybean blight *Phytophthora sojae*. During these meetings, Chinese officials indicated that the blight would still be listed as a quarantine pest, however, China would review the documentation provided by



APHIS. To date, China has not raised any quarantine concerns about the blight since the meetings. U.S. soybean exports were \$2.6 billion in FY2004.

Within the Americas, Mexico and Canada are by far the most important trading partners, but other parts of the Western Hemisphere also offer export opportunities for U.S. producers. Sales to Mexico alone accounted for \$555 million of export accomplishments in FY2004. This involved retaining the poultry and wheat markets and expanding the market for products such as citrus, apricots, and plums. Meanwhile, APHIS retained or expanded sales worth \$131 million with our northern partner Canada. Products covered included poultry and poultry products, live cattle, honey bees, horses, lumber, nursery stock, grains, beef and beef products, and seed potatoes.

The markets in Europe, Africa, and the Middle East accounted for eight percent of FY2004 accomplishments. Key export accomplishments in this region included poultry products to European Union, Russia, Turkey, Lithuania, Poland, Romania, Ukraine, and Azerbaijan.

“Trade is a two-way street or maybe it can be more accurately described as an eight--lane superhighway. We can't behave as if what's good for the United States is not good for the rest of the world. We can't treat Asia one way and then our neighbors another way. We can't proclaim to the world, 'Do as I say, not as I do'.”--  
Secretary of Agriculture Mike Johanns, February 4, 2005

**TABLE 2. CURRENT EXPORT MARKETS RETAINED IN FY2004**

<b>Country</b>	<b>Product(s)</b>	<b>FY2004 Trade</b>	<b>Market</b>
Argentina	Bovine Semen	549,339	\$1,800,000
Armenia	Poultry	\$774,292	\$5,000,000
Azerbaijan	Poultry	\$23,565,662	\$25,000,000
Bahamas	Live Sheep	\$10,000	\$15,000
Belize	Beef and Beef Products	\$49,492	\$75,000
Bermuda	Nursery Stock (FL)	\$2,464	\$75,000
Brazil	Bovine Semen	\$2,505,182	\$3,000,000
Brazil	Rice	\$26,901,835	\$50,000,000
Bulgaria	Beef	\$573,772	\$600,000
Bulgaria	Poultry	\$277,247	\$5,000,000
Canada	Poultry and Poultry Products	\$59,413,970	\$350,000,000
Canada	Live Cattle	\$4,032,648	\$150,000,000
Canada	Horses	\$22,684,522	\$30,000,000
Canada	Beef and Beef Products	\$31,777,097	\$300,000,000
Cayman Islands	Nursery Stock	\$8,778	\$1,500,000
Chile	Poultry	\$1,158,028	\$1,500,000
China	Beef and Beef Products	\$9,016,000	\$50,000,000
China	Cherries	N/A	\$1,000,000
China	Soybeans	\$2,608,955,000	\$4,500,000,000
Colombia	Poultry	\$4,090,209	\$10,000,000
Costa Rica	Beef and Beef Products	\$118,502	\$2,500,000
Cuba	Poultry	\$45,485,731	\$50,000,000
Cyprus	Bovine Semen	\$110,000	\$225,000
Dominican Republic	Beef	\$898,367	\$3,000,000
El Salvador	Beef	\$188,000	\$250,000
Estonia	Poultry	\$1,399,000	\$5,000,000
European Union	Pork Products	\$20,884,000	\$30,000,000
European Union	Poultry and Poultry Products	\$83,000,198	\$100,000,000
Grenada	Beef and Beef Products	\$180,000	\$200,000
Guatemala	Beef and Beef Products	\$848,175	\$3,500,000
Guatemala	Poultry	\$14,513,485	\$45,000,000
Honduras	Beef and Beef Products	\$544,200	\$1,500,000
Hong Kong	Pet Food	\$7,782,779	\$13,500,000
Hong Kong	Poultry and Poultry Products	\$95,545,938	\$250,000,000
India	Wood Packaging Material	N/A	N/A
India	Almonds	\$92,188,000	\$100,000,000
Indonesia	Beef and Beef Products	\$11,284,923	\$15,000,000
Indonesia	Poultry and Poultry Products	\$835,208	\$3,500,000
Israel	Poultry and Poultry Products	\$573,563	\$1,500,000
Japan	Poultry	\$31,335,589	\$150,000,000
Japan	Horses	\$63,608,663	\$70,000,000
Japan	Bovine Embryos	\$1,772,534	\$2,000,000
Kenya	Beef	\$5,000	\$20,000
Korea	Pet Food	\$15,135,994	\$30,000,000
Korea	Potatoes	\$1,563,200	\$2,000,000
Korea	Poultry	\$21,430,319	\$75,000,000

<b>Country</b>	<b>Product(s)</b>	<b>FY2004 Trade</b>	<b>Market</b>
Kosovo	Poultry	N/A	N/A
Lithuania	Bovine Semen and Embryos	\$29,774	\$50,000
Lithuania	Poultry	\$24,400,000	\$30,000,000
Malta	Bovine Semen	\$37,000	\$50,000
Malaysia	Poultry	\$873,152	\$4,000,000
Mexico	Beef	\$258,252,753	\$600,000,000
Mexico	Hogs	\$30,668,990	\$35,000,000
Mexico	Sheep	\$6,425,947	\$20,000,000
Mexico	Poultry	\$229,095,400	\$250,000,000
Mexico	Stonefruit	\$19,472,694	\$25,000,000
Nicaragua	Fish Meal	\$250,000	\$250,000
Nicaragua	Beef	\$109,697	\$500,000
Nicaragua	Poultry	\$1,198,340	\$2,000,000
Paraguay	Semen	\$150,000	\$200,000
Peru	Poultry	\$361,447	\$2,000,000
Philippines	Beef	\$3,300,263	\$5,000,000
Philippines	Poultry	\$2,334,968	\$15,000,000
Poland	Beef Tripe	\$1,300,000	\$2,000,000
Poland	Bovine Semen	\$242,000	\$350,000
Poland	Bovine Embryos	\$23,600	\$50,000
Poland	Poultry	\$18,705,000	\$40,000,000
Qatar	Poultry	\$293,233	\$500,000
Romania	Bovine Semen and Embryos	\$6,000	\$15,000
Romania	Beef and Beef Tripe	\$1,289,000	\$1,500,000
Romania	Poultry	\$16,006,556	\$30,000,000
Russia	Poultry	\$91,844,431	\$700,000,000
Saudi Arabia	Poultry	\$1,229,729	\$1,500,000
Singapore	Poultry	\$5,401,365	\$15,000,000
Slovakia	Bovine Semen	\$163,000	\$250,000
Slovenia	Bovine Semen	\$10,000	\$150,000
South Africa	Ruminant Products	\$30,000	\$2,000,000
Suriname	Cattle	\$101,000	\$100,000
Trinidad and Tobago	Live Sheep	\$11,000	\$35,000
Trinidad and Tobago	Beef and Beef Products	\$721,743	\$1,750,000
Trinidad and Tobago	Poultry	\$2,736,305	\$4,000,000
Turkey	Poultry	\$18,866,872	\$65,000,000
Ukraine	Pet Food	\$1,333,601	\$3,000,000
Ukraine	Bovine Semen	\$91,353	\$200,000
Ukraine	Poultry	\$17,122,119	\$40,000,000
Ukraine	Powdered Milk and Eggs	\$701,000	\$750,000
Ukraine	Technical Gelatin and Hides	\$0	\$50,000
Uruguay	Bovine Semen	\$253,854	\$750,000
Uzbekistan	Poultry	\$530,090	\$3,500,000
<b>Total</b>		<b>\$4,063,549,181</b>	<b>\$8,339,760,000</b>

Source: USDA Foreign Agricultural Trade of the United States.

N/A notes when trade data for a particular commodity is unavailable.

### **TABLE 3. CURRENT EXPORT MARKETS EXPANDED**

*SPS Accomplishments Report, Fiscal Year 2004*

**IN FY2004**

<b>Country</b>	<b>Product</b>	<b>Trade in FY2004</b>
Argentina	Corn	\$1,809,072
Brazil	Wheat	\$15,779,121
Bulgaria	Dairy Products	\$0
Canada	Honey Bees	N/A
Canada	Lumber	\$14,350
Canada	Nursery Stock	\$992,643
Canada	Grains	\$9,493,737
Canada	Alaska Seed Potatoes	\$2,507,420
China	Apples	\$3,504,016
European Union	Mollusks	\$16,408,975
Korea	Wood Packaging Material	N/A
Mexico	Potatoes	\$9,068,003
Mexico	Wheat	\$50,000
Mexico	Apples	\$2,793,766
New Zealand	Soybean Meal	2,469,589
Poland	Grains	\$500,000
Taiwan	Wheat	\$173,913,110
Ukraine	Poultry	N/A
Ukraine	Seafood	\$6,441,000
Vietnam	Wheat	\$6,667,942
<b>Total</b>		<b>\$252,412,743</b>

Source: USDA Foreign Agricultural Trade of the United States.

N/A notes when trade data for a particular commodity is unavailable.

**TABLE 4. NEW MARKETS GAINED IN FY2004**

<b>Country</b>	<b>Product</b>	<b>Trade in FY2004</b>
Australia	Pork	\$3,000,000
China	Seed Potatoes	\$0
Cuba	Bovine Semen	N/A
Guatemala	Rice	\$16,386,004
Korea	Fetal Bovine Serum	N/A
Panama	Seed Potatoes	\$0
Philippines	Cherries	\$50,000
Philippines	Lettuce	\$200,000
Russia	Corn	\$4,743,000
Ukraine	Live Cattle	\$0
Ukraine	Spray Dried Blood	N/A
<b>Total</b>		<b>\$24,379,004</b>

Source: USDA Foreign Agricultural Trade of the United States.

N/A notes when trade data for a particular commodity is unavailable.

**APHIS Leads Effort to Regain Lost Beef Export Markets**

APHIS and other USDA agencies took actions on bovine spongiform encephalopathy (BSE) in FY 2004 that were potentially precedent-setting and may affect international trade patterns for years to come. As these actions may have important economic implications for global beef trade, as well as the U.S. beef industry, the U.S. actions were undertaken with the utmost deliberation, using science as their basis.

After the diagnosis of a single case of BSE in an imported animal, USDA adopted several new public health safeguards to bolster U.S. protections and encourage trading partners to recognize the minimal BSE risk presented by U.S. beef. One safeguard is an enhanced surveillance program. The goal of the enhanced surveillance program is to provide consumers, trading partners, and industry increased assurances about animal health, specifically whether BSE exists in the U.S. cattle population and if so, at what level. On June 1, 2004, the enhanced surveillance program began with a goal to test as many high-risk cattle as possible in 12-18 months. By October 3, 2004, tests had been run on samples from 73,716 animals with no additional positive cases found. Additional information on the testing can be found on the APHIS web site at: [http://www.aphis.usda.gov/lpa/issues/bse\\_testing/](http://www.aphis.usda.gov/lpa/issues/bse_testing/).

#### *First Priority- Regaining Lost Markets*

U.S. market-maintenance activities were critical in helping restore our beef export markets. In 2003, the total export value of U.S. beef and ruminant products was \$7.5 billion. After December 23, 2003, 64 percent of export markets were immediately closed. To date, we have recovered well over a third of that, so that 41 percent of that market (\$3.1 billion) remains closed. Two countries – Japan (\$1.5 billion) and Korea (\$800 million) – account for nearly three-quarters of the existing closures.

The following table shows how U.S. beef export trade has shifted to secondary markets:

<b>Top 10 Markets for U.S. Exports of Fresh, Chilled and Frozen Beef</b>	
<u>January-September 2003</u>	<u>January-September 2004</u>
Japan	Mexico
South Korea	Canada
Mexico	Bahamas
Canada	Bermuda
Taiwan	Switzerland
Hong Kong	Saudi Arabia
Bahamas	Indonesia
Russia	Philippines
Egypt	Kuwait
<u>UAE</u>	<u>Germany</u>
<b>Exports to Top 10 Markets: \$2.2 billion</b>	<b>\$293 million</b>

In addition to working closely with Japanese officials to regain the largest U.S. beef export market, we have also pursued efforts to reopen all of the markets that have been closed to us. We have actively engaged Korean, Hong Kong, Taiwanese, Chinese, Egyptian, and Russian officials in discussions and have initiated actions in each market to get trade resumed. An update of trading partner bans on ruminants and ruminant products can be found on the APHIS web site at: [http://www.aphis.usda.gov/lpa/issues/bse/trade/bse\\_trade\\_ban\\_status.html](http://www.aphis.usda.gov/lpa/issues/bse/trade/bse_trade_ban_status.html).

#### *Re-opening the Japanese Market*

As a leader in critical Asian markets, Japan is a vital market to reopen to U.S. beef exports. We are aware that the decision to resume trade in this market will set an important precedent for trade resumption in many other markets. Therefore, we have endeavored to use science in our ongoing efforts. These efforts to re-open this market have drawn on resources across the federal government and at the highest political levels, including direct discussions between President Bush and Japanese Prime Minister Koizumi.

#### *Developing International Standards to Protect Livestock and Consumer Health*

Even before the discovery of a single case of BSE in the United States, USDA had begun talking with other countries about the need for international trade standards to keep pace with the science, and we redoubled our efforts in this regard. The OIE recommends the use of risk assessment to manage human and animal health risks of BSE. OIE guidelines, based on current scientific understanding, recognize that there are different levels of risk in countries or regions, and suggest how trade may safely occur according to the levels of risk. It is also critical that domestic trade rules reflect the current state of knowledge regarding BSE. We are confident that trade can be resumed with countries where BSE has been discovered, contingent upon strong protections within those countries, as well as the robust and effective regulatory system those imports are subject to when they enter the United States.

#### *Imports from Canada and Other Low Risk Regions*

After Canada reported its first case of BSE in May 2003, USDA conducted a comprehensive risk analysis to review the potential threat it posed. The initial analysis followed the recommended structure of the World Animal Health Organization, or OIE, and drew on 1) findings from the Harvard-Tuskegee BSE risk assessment, 2) findings from the epidemiological investigation of BSE in Canada, 3) information on Canadian BSE surveillance and feed ban, and 4) history of imports of cattle and meat and bone meal from countries known to have BSE. The results of that analysis confirmed that Canada has the necessary safeguards in place to protect U.S. consumers and livestock against BSE. On October 31, 2003, USDA issued a proposed rule to amend its BSE regulations to establish a new category of regions that recognizes those that present a minimal risk of introducing BSE into the United States via the importation of certain low-risk live ruminants and ruminant products. The final rule was published following FY2004 on January 4, 2005.

**TABLE 5. MARKETS FOR BEEF AND BEEF PRODUCTS RETAINED IN FY2004**

<b>Country</b>	<b>Product(s)</b>	<b>Trade in FY2004</b>
Argentina	Bovine Semen	\$549,339
Belize	Beef and Beef Products	\$49,492
Brazil	Bovine Semen	\$2,505,182
Bulgaria	Beef and Beef Products	\$573,722
Canada	Beef and Beef Products	\$31,777,097
Canada	Live Cattle	\$4,032,648
China	Beef and Beef Products	\$9,016,000
Costa Rica	Beef and Beef Products	\$118,502
Cyprus	Bovine Semen	\$110,000
Dominican Republic	Beef and Beef Products	\$898,367
El Salvador	Beef and Beef Products	\$97,521
Grenada	Beef and Beef Products	\$180,000
Guatemala	Beef and Beef Products	\$848,175
Honduras	Beef and Beef Products	\$544,200
Hong Kong	Pet food	\$7,782,779
Indonesia	Beef and Beef Products	\$11,284,823
Japan	Bovine Embryos	\$1,772,534
Kenya	Beef	\$5,000
Korea	Pet Food	\$15,135,994
Korea	Fetal Bovine Serum	N/A
Lithuania	Bovine Semen and Embryos	\$29,774
Malta	Bovine Semen	\$37,000
Mexico	Live Animals	\$628,013
Mexico	Beef and Beef Products	\$258,252,753
Nicaragua	Beef and Beef Products	\$109,697
Philippines	Beef and Beef Products	\$3,300,263
Poland	Bovine Semen	\$242,000
Poland	Beef Tripe	\$1,300,000
Poland	Bovine Embryos	\$23,600
Romania	Beef and Beef Tripe	\$1,289,000
Romania	Bovine Semen and Embryos	\$6,000
Slovakia	Bovine Semen	\$163,000
Slovenia	Bovine Semen	\$10,000
South Africa	Ruminant Products	N/A
Trinidad and Tobago	Beef and Beef Products	\$721,743
Ukraine	Pet Food	\$1,333,601
Ukraine	Bovine Semen	\$91,353
Uruguay	Bovine Semen	\$235,854
<b>Total</b>		<b>\$355,055,026</b>

*Source: USDA Foreign Agricultural Trade of the United States.*

N/A notes when trade data for a particular commodity is unavailable.

## POULTRY EXPORTS SCRATCH BACK

In FY2004, APHIS worked to minimize any restrictions placed on U.S. exports of poultry and poultry products due to concerns about U.S. disease status. On September 16, 2003, the quarantine was removed from areas that had been quarantined in California because of exotic Newcastle disease (END). In addition, there were detections of low pathogenic avian influenza in the eastern United States and a detection of highly pathogenic avian influenza in Texas in early 2004. APHIS provided information on the U.S. response to the diseases to trading partners and addressed their concerns about APHIS surveillance, control, and eradication programs. The estimated value of these retained markets was around \$780 million.

**TABLE 6. POULTRY MARKETS RETAINED IN FY2004**

<b>Country or Region</b>	<b>Value of Trade, 01/04-10/04</b>	<b>Specific Action Taken</b>
European Union	\$83,000,198	EU 25 lifted remaining restrictions on 8/23/04
Armenia	\$774,292	Armenia lifted its ban on poultry from the states of Delaware, Texas, and Maryland on 8/1/04
Azerbaijan	\$23,565,662	Azerbaijan lifted its ban on imports of US poultry on 9/9/04.
Bulgaria	\$277,247	Bulgaria lifted its ban on TX on 9/7/04
Canada	\$59,413,970	Canada lifted its restrictions on poultry and poultry products from Texas on 4/6/04.
Chile	\$1,158,028	Chile lifted its USA ban on 8/25/04.
Colombia	\$4,090,209	Colombia narrowed its USA ban to 10 states on 5/18/04
Cuba	\$45,485,731	Cuba narrowed its USA ban to 16 states on 5/17/04
Estonia	0	Estonia accepted U.S. regionalization proposal for poultry exports when they joined the EU on May 1, 2004
Guatemala	\$14,513,485	Guatemala lifted remaining restrictions on 8/20/04.
Hong Kong	\$95,545,938	Hong Kong lifted its ban on poultry meat on 8/6/04; some other products remain banned.
Indonesia	\$835,208	Indonesia narrowed its USA ban to 7 states in April 2004.
Israel	\$573,563	Israel narrowed its USA ban to TX on 4/13/04.
Japan	\$31,335,589	Japan narrowed its USA ban to 2 states on 6/9/04
Korea	\$21,430,319	South Korea lifted its USA ban on some products on 9/3/04.
Lithuania	\$552,000	Lithuania narrowed its AI-related bans from USA to TX on April 27, 2004.
Malaysia	\$873,152	Malaysia lifted its USA ban on 9/1/04.
Mexico	\$229,095,400	Mexico narrowed its USA ban to several states.
Nicaragua	\$1,198,340	Nicaragua narrowed its ban to TX on 5/3/04.
Peru	\$361,447	Peru narrowed its USA ban to 8 states on 7/19/04.
Philippines	\$2,334,968	Philippines lifted its ban on DE, MD, TX on 9/6/04.
Poland	\$9,798,000	Poland regionalized its ban for poultry transits only from Texas, Delaware, Maryland and Pennsylvania
Qatar	\$293,233	Qatar narrowed its USA ban to DE, TX on 6/8/04
Romania	\$16,006,556	Romania lifted its ban on DE, MD, PA, TX in August 2004.



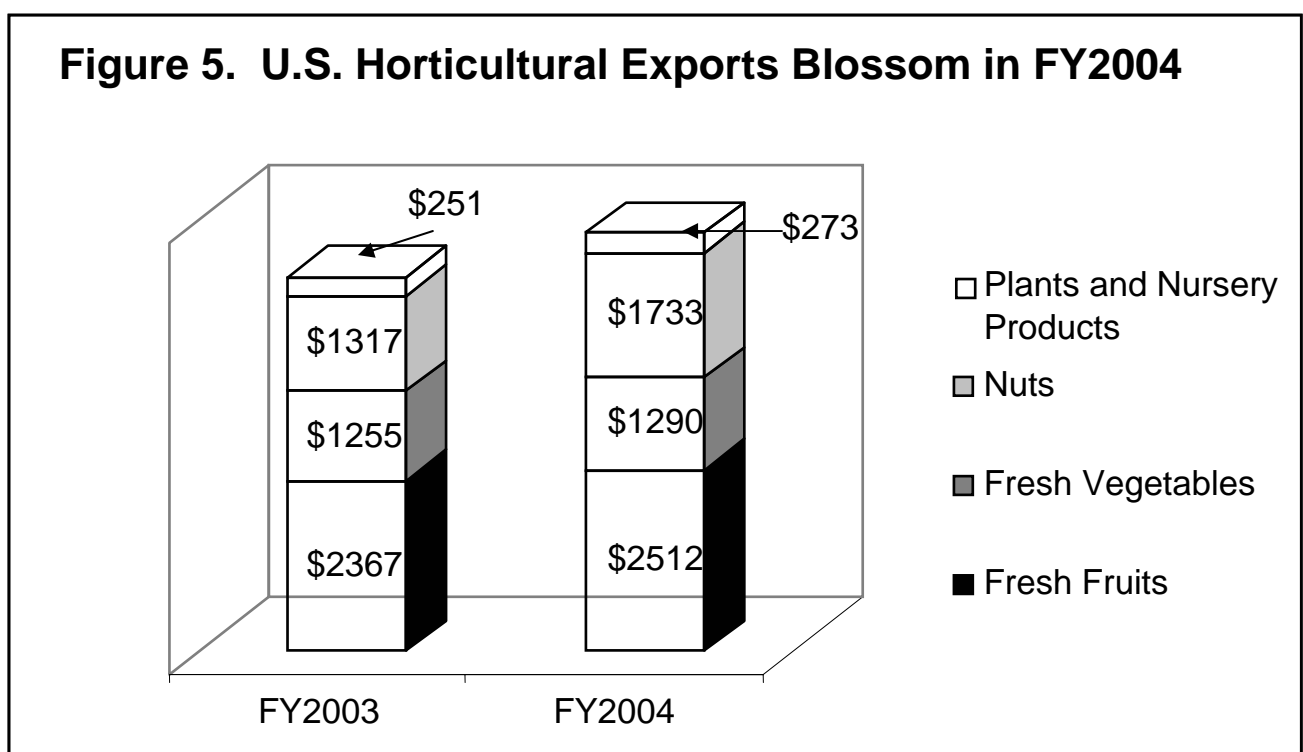
<b>Country or Region</b>	<b>Value of Trade, 01/04-10/04</b>	<b>Specific Action Taken</b>
Russia	\$91,844,431	Russia banned several states and lifted all but MD, TX by 8/04.
Saudi Arabia	\$1,229,729	Saudi Arabia lifted its USA ban on 7.28/04.
Singapore	\$5,401,365	Singapore narrowed its USA ban to TX on 6/22/04.
Trinidad and Tobago	\$2,736,305	Trinidad & Tobago lifted its ban on DE, MD, NJ, PA on 7/23/04.
Turkey	\$18,866,872	Turkey lifted bans imposed on DE, TX.
Ukraine	\$17,122,119	Ukraine lifted ban on TX, bans remained on DE, MD
Uzbekistan	\$530,090	Uzbekistan lifted its ban on DE, MD, TX on 9/20/04.
<b>Total</b>	<b>\$780,243,446</b>	

*Source: USDA Foreign Agricultural Trade of the United States.*

Data is for poultry & products, including Harmonized Schedule codes of 105, 206, 4067 and 408

## ***U.S. Horticultural Exports Approach \$6 Billion***

For FY2004, U.S. horticultural products reached \$5.8 billion, an increase of nearly 12 percent over FY2003. While other factors contributed to the strong overall demand, APHIS played a key role in retaining access to current markets and gaining new markets. The largest export market retained was for almonds to India, where nearly \$92 million was saved by persuading India to postpone implementation of new regulations. APHIS negotiated a new workplan for U.S. stonefruit exports to Mexico, protecting nearly \$19.5 million in sales. APHIS also negotiated an opening for Michigan apples to Mexico worth nearly \$3 million and convinced Mexican authorities to reinstate potato shipments from suspended sheds valued at \$9 million. Finally, APHIS negotiated the opening of Alaska seed potatoes to China. The value of the seed potato shipments falls into fiscal 2005.



Units are \$1,000,000 dollars. For example, Fresh Fruit exports were \$2.5 billion in FY2004.  
*Source: USDA Foreign Agricultural Trade of the United States.*

## FREE TRADE AGREEMENTS

APHIS played a significant role in supporting the Administration's ambitious trade agenda, especially the negotiation of various bilateral and multilateral free trade agreements. SPS trade issues are important, complex part of these negotiations requiring considerable resource support from APHIS. The following are examples:

- **Central American and Dominican Republic Free Trade Agreement (CAFTA)**—This agreement may double U.S. agricultural exports to CA region in 5 years to \$2 billion. APHIS is participating in negotiations to remove unjustified SPS barriers to U.S. agricultural products and providing guidance on trade capacity building in SPS measures. This helps ensure that trade capacity assistance projects complement APHIS safeguarding programs. The agreement was signed in May 2004 and includes Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Dominican Republic.
- **Chile Free Trade Agreement**— This agreement went into effect in January 2004, resulting in tariff reductions on 90 percent of U.S. exports to Chile.
- **Australia Free Trade Agreement**--- The U.S. signed an FTA with Australia in March 2004. This FTA is worth \$2.1 billion of annual bilateral trade. As many U.S. agricultural industries have expressed grave concerns about Australia's extremely conservative quarantine requirements, APHIS is working to ensure that important market access issues are addressed resulting in market access for U.S. grapes and creating opportunities for U.S. exports including pork, citrus, and stone fruit. The Agreement entered into force on January 1, 2005.
- **Panama Free Trade Agreement**-- APHIS is participating in negotiations to remove unjustified SPS barriers to U.S. agricultural products and providing guidance on trade capacity building in SPS measures.
- **Morocco Free Trade Agreement**—This FTA was signed on June 15, 2004. Under the Agreement, the United States and Morocco affirm their existing rights and obligations under the WTO SPS Agreement. In addition, they forego recourse to the Agreement's dispute settlement procedures for any SPS issues arising under the SPS Section of the agriculture chapter, and affirm their desire to create a forum on SPS matters through the Joint Committee.
- **South Africa Customs Union**-- This agreement is being negotiated with the nations of Botswana, Lesotho, Namibia, Swaziland (BLNS), and South Africa. The U.S. is committed to provide the technical assistance necessary for SACU to assume the responsibilities of full partnership and to share in the benefits of free trade, including SPS measures.
- **Bahrain Free Trade Agreement**—This agreement was signed on September 14, 2004. Two-way trade was nearly \$900 million in 2003. On the first day this agreement goes into effect, 81 percent of U.S. agricultural exports will be duty free. This new trade opening will expand opportunities for exports of agricultural products such as meats, fruits and vegetables, cereals, and dairy products.

## IMPORT ACCOMPLISHMENTS

In FY2004, APHIS implemented a number of changes to its import requirements to provide new or expanded access for imported products to the U.S. market. These changes reflect the U.S. commitment to the principles of the SPS Agreement, which requires WTO member countries to select measures to protect animal and plant health that will restrict trade to the least extent possible.

**TABLE 7. FY 2004 IMPORT ACCOMPLISHMENTS**

<b>Market Access</b>	
Plant Products	\$ 45,000
Animals & Products	\$ 103,000
Total.....	\$148,000
<b>Market Expansion</b>	
Plant Products	\$ 0
Animals & Products	\$ 0
Total.....	\$ 0
<b>Total</b>	\$ 148,000

*Source: USDA Foreign Agricultural Trade of the United States.*

APHIS provided \$148,000 of new market or expanded access for seven commodities from 23 countries. In FY2004, APHIS granted new market access for unshu oranges from Honshuu Island of Japan, cattle from Australia and New Zealand, *penjing* plants from China, poultry from the Yucatan of Mexico, and *Phalaenopsis* orchids from Taiwan. An alternative treatment for eucalyptus logs, lumber and other unmanufactured wood for imports from South America was also adopted. APHIS also regionalized swine and pork from East Anglia of the United Kingdom, France and Spain, allowing imports, although none occurred in fiscal 2004.

APHIS published the final rule concerning wood packaging materials on September 16, 2004. This measure adopts an international standard entitled “Guidelines for Regulating Wood Packaging Material in International Trade” that was approved by the Interim Commission on Phytosanitary Measures (ICPM) of the International Plant Protection Convention (IPPC). The standard calls for wood packaging material to be either heat treated or fumigated with methyl bromide, in accordance with the Guidelines, and marked with an approved international mark certifying treatment. This change will affect all persons using wood packaging material in connection with importing goods into the United States. This rule becomes effective in September 2005.

**TABLE 8. FY2004IMPORT ACCOMPLISHMENTS**

<b>Country</b>	<b>Product</b>	<b>Trade Data</b>	<b>Final Rule and Publication Date</b>
Australia	Cattle	0	Cattle from Australia and New Zealand- 4/20/04
Chile	Pork, Live Swine	\$66,000	Classical Swine Fever Status of Chile- 7/13/04
China	Penjing	\$45,000	Importation of Artificially Dwarfed Plants in Growing Media for China- 1/16/04
France	Swine	0	Classical Swine Fever Status of France and Spain- 4/20/04
Japan	Unshu Oranges	N/A	Unshu Oranges from Honshu Island-Japan- 3/4/04
Mexico	Poultry	N/A	Yucatan Peninsula- Added to the List of Regions Considered Free of Exotic Newcastle Disease- 1/27/04
New Zealand	Cattle	\$37,000	Cattle from Australia and New Zealand- 4/20/04
South America*	Logs, Lumber and Wood Chips	N/A	Eucalyptus chips- Alternative Treatment-1/15/04
Spain	Swine	0	Classical Swine Fever Status of France and Spain- 4/20/04
Taiwan	Moth or Butterfly Orchids	N/A	Importation of Orchids of the Genus Phalaenopsis from Taiwan in Growing Media- 5/5/04
United Kingdom	Swine	N/A	Change in Disease Status of East Anglia with regard to Classical Swine Fever- 10/16/03

\* Countries of Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, French Guiana, Guyana, Paraguay, Peru, Suriname, Uruguay, Venezuela.

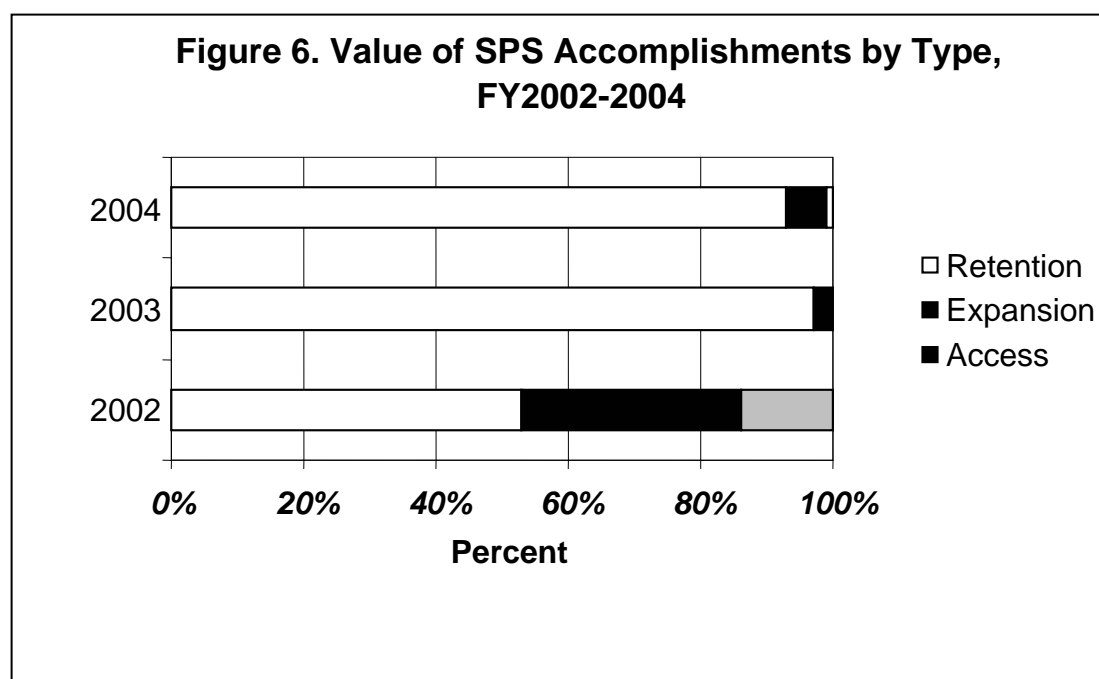
Source: *USDA Foreign Agricultural Trade of the United States*.

N/A notes when trade data for a particular commodity or region is unavailable.

## COMPARISON WITH EARLIER REPORTS

Since 1997, 531 export issues have been resolved, allowing nearly \$15.5 billion in trade to take place. In fiscal 2004, 118 export issues were resolved as compared to 75 in fiscal 2003 and 76 in fiscal 2002. In fiscal 2004, a number of high value markets were retained or expanded such as soybeans to China and beef and poultry to various markets worldwide.

Retention issues are consistently the most significant among the three categories of the SPS accomplishments in both the number of issues and the value of trade involved. As Figure 6 indicates, retention issues accounted for 94 percent of the total value of SPS accomplishments in fiscal 2004, 97 percent in fiscal 2003, and 53 percent in fiscal 2002. Market expansion is the next largest in terms of the value of trade involved, varying in percentage terms from 3 percent in 2003 to 6 percent in 2004 to 33 percent in 2002.



New market access is usually the smallest category of the SPS export accomplishments in value terms. However, new market access accomplishments are very significant because they can contribute to the growth of exports in subsequent years, and may result in follow-on SPS accomplishments. Table 3 illustrates this by showing how the values of some markets that were opened in fiscal 2002 and 2003 have since increased. For instance, exports of cotton to Pakistan, walnuts to Korea, grapes to Australia, and poultry to Romania all grew in fiscal 2004.

**Table 9. Export Markets Opened in FY 2002, 2003, 2004**

<b>Market</b>	<b>Products</b>	<b>Opened</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>
Australia	Grapes	FY2002	\$2,285,000	\$2,344,000	\$11,020,000
Australia	Pork	FY2004	n/a	n/a	\$3,000,000
Armenia	Bovine Semen	FY 2003	n/a	\$7,000	0
Chile	Stonefruit & cherries	FY 2003	n/a	\$11,000	0
China	Bovine Embryos	FY2002	\$151,360	n/a	\$202,000
China	Dairy Cows	FY2002	\$1,299,00	\$4,296,000	0
Cuba	Apples	FY2002	\$97,000	\$795,000	\$597,000
Cuba	Poultry	FY2002	\$17,844,000	\$27,281,000	\$61,567,000
Cuba	Pears	FY2002	\$0	\$29,000	\$42,000
Czech	Bovine Embryo	FY2002	\$241,620	n/a	\$10,000
Korea	Walnuts	FY2002	\$6,315,000	\$6,870,000	\$12,305,000
Latvia	Bovine Semen	FY 2003	n/a	\$72,000	\$81,000
Lithuania	Animal Products	FY2003	n/a	\$35,000	\$30,000
Pakistan	Apples	FY2002	\$24,000	\$0	0
Pakistan	Cotton	FY2002	\$93,365,000	\$127,091,000	\$208,571,000
Philippines	Cherries	FY2004	n/a	n/a	\$7,000
Philippines	Lettuce	FY2004	n/a	n/a	0
Romania	Beef	FY 2003	n/a	\$173,000	\$262,000
Romania	Pork	FY2002	\$84,000	\$1,317,000	\$7,028,000
Romania	Poultry	FY2002	\$16,838,000	\$25,889,000	\$34,235,000
Romania	Soybeans	FY2002	\$15,194,000	\$4,078,000	\$162,000
Ukraine	Live Cattle	FY2004	n/a	n/a	0
					\$53,000

N/A notes when trade data for a particular commodity or region is unavailable.

## **TRADE FACILITATION FOR FISCAL 2004**

For the last six years, the SPS Accomplishments Report has included a section detailing just a few of USDA's successes in resolving problems facing individual shipments of U.S. agricultural products at foreign ports of entry. For FY2004, APHIS has compiled a detailed report on these trade facilitation successes, based on monthly reports from APHIS attaches around the world. The monthly report highlights the commodity, the quantity, the unit of measure, the estimated value, the country where the shipment was held, the state of origin, and the situation surrounding the release of the shipment.

U.S. agricultural products may encounter problems at the port of entry for a variety of reasons. For instance, there may be a minor defect with an accompanying sanitary or phytosanitary certificate. In other cases, an exporter or importer may have failed to meet all the requirements of the importing country or some pest may be intercepted. There may also be some confusion on the part of the inspector at the port of entry.

Regardless of the causes for the detained shipment, it is very costly for the commercial entities involved. Charges are incurred if a shipment must be held at port, perishable products could lose their value, or a shipment may have to be destroyed or re-exported. When shipments are held due to sanitary or phytosanitary concerns, APHIS and FAS attaches can work closely with the importing country to resolve the problem, which often results in the shipment being released and allowed entry into the country.

### **Trends in Trade Facilitation for Fiscal 2004**

In FY2004, APHIS attaches facilitated 270 shipments worth over \$11.5 million. The Americas region, which includes North, South, and Central America, facilitated 199 shipments worth nearly \$7.0 million. The Asia Pacific region facilitated 65 shipments worth over \$4.6 million. The Europe, Africa, and Middle East region facilitated 6 shipments worth over \$100,000.

### **Regional Trade Facilitation Accomplishments**

**APHIS' North American, South American, Central American and Caribbean Region** facilitated the release of 199 shipments which resulted in nearly \$7.0 million in trade. Border issues are a continual challenge in US-Mexico trade. Due to the significant flow of products across this border, APHIS personnel in Mexico in particular are often called upon to assist in resolving difficulties.

**Mexico:** APHIS Mexico clarified language used in an additional declaration on a shipment of wheat, resulting in the release of a shipment.

**Guatemala:** By interacting with Guatemalan officials, APHIS Guatemala helped numerous shipments be released, including corn starch, pet food, cooked ham, beef, frozen chicken leg quarters, wheat starch, and milled rice.



**The Asia-Pacific Region** facilitated the release of 65 shipments which resulted in over \$4.6 million in trade. These include individual shipments of grapefruit, hay, lumber, broccoli, horses, oranges, onions, carrots, frozen vegetables, and other products held and released at various ports of entry throughout the region.

**Japan:** Through the efforts of the APHIS IS office in Japan, nearly \$1 million in citrus shipments that had been held for various reasons were released by Japanese officials.

**Japan:** The APHIS IS office verified export certificates for inedible tallow and raw hide shipments so that held shipment could be released. These shipments were worth around \$1 million.

**Korea:** Similar problems were encountered in Korea and, with APHIS assistance, shipments of inedible tallow and raw cattle hides were accepted. The value was estimated at nearly \$1million.

**The Europe, Africa, and Middle East Region** facilitated the release 6 shipments which resulted in over \$100,000 in trade. These include individual shipments of wheat, lumber, and other products held at ports in Europe.

**Romania:** APHIS-IS Vienna secured the release of poultry products from Delaware of an unknown value.

## **TECHNICAL ASSISTANCE AND OUTREACH**

The WTO SPS Agreement obligates members to facilitate the provision of technical assistance related to the Agreement to other members, especially developing countries. In FY2004, USDA participated in a number of technical assistance activities related to plant and animal health, the provisions of the SPS Agreement, and risk assessment.

In FY2004, APHIS staff participated in 36 international technical assistance initiatives in the areas of plant and animal health. For example, on the animal health side, APHIS organized courses on epidemiology for Nigeria, Russia, and Guatemala. In addition, APHIS organized a course on Foreign Animal Diseases Diagnostic training for several countries in Central and Eastern Europe. On the plant side, APHIS provided technical speakers for the Great Africa Snail conference sponsored by Inter-American Institute for the Cooperation and Agriculture.

The APHIS Visitors Center hosts domestic and international visitors interested in learning about APHIS' SPS activities and its domestic programs. The Visitors Center supports APHIS' trade facilitation role by arranging programs for U.S. trade partners on quarantine, safeguarding, and regulatory issues. In FY2004, the Visitors Center welcomed 515 international visitors. These programs included meetings with APHIS officials, visits to port facilities, observation of field operations for domestic eradication programs, and discussions of U.S. quarantine requirements. The interest of foreign visitors ranged across the full spectrum of APHIS' activities, including biotechnology which accounted for 45 percent of the total number of visits. Other programs of interest were quarantine requirements, animal disease programs, plant pest eradication, and animal care.

The Visitors Center also plays an important role in SPS outreach by providing distance learning modules that address SPS principles and their implementation. The modules, which are available in a variety of media, are provided to USDA attaches worldwide. They, in turn, share these resources with country counterparts and other collaborators as appropriate.

FAS administers the Cochran Fellowship program, which funds training programs for senior and mid-level agriculturists from middle income countries and emerging democracies. The objectives of the program are to assist eligible countries to develop the agricultural infrastructure necessary to meet domestic food needs, and to strengthen and enhance trade linkages with the United States. In recent years, the Cochran program has funded numerous training programs related to biotechnology and the SPS-related issues of food safety, animal health, and plant quarantine.

In FY2004, APHIS supported 11 Cochran Fellowship programs relating to plant and animal health, veterinary trade policy and biotechnology in 41 countries. The training visits arranged by the Cochran program provide an opportunity to share U.S. perspectives on SPS principles with the participants. All U.S. government agencies working with SPS issues, including FAS, APHIS, FSIS, the Food and Drug Administration (FDA), and the Environmental Protection Agency (EPA), participate in the Cochran Fellowship program visits.

The Technical Issues Resolution Fund (TIRF), also administered through FAS, funds projects to resolve specific SPS-related trade issues in emerging markets. Two kinds of activities are supported: immediate term activities geared to solving a current trade problem and longer term strategic activities such as workshops and seminars. In FY2004, APHIS participated in 3 TIRF-supported projects dealing with SPS issues in emerging market countries or regions.

## **INTERNATIONAL STANDARDS**

### **International Plant Protection Convention (IPPC)**

The International Plant Protection Convention (IPPC) is identified in the WTO SPS Agreement as the international standard-setting body in the area of plant health. The IPPC, as amended in 1997, established a Commission on Phytosanitary Measures to oversee implementation of the Convention, particularly the development of phytosanitary standards. An Interim Commission on Phytosanitary Measures (ICPM) has been operating since 1998 and will remain in place until the 1997 amended Convention comes into force.

APHIS places a high priority on the development of international standards. Standards are critical for establishing a more predictable trade system and providing basic phytosanitary norms for fair and safe trade in plant commodities. We believe that such a system of globally accepted standards will help over time reduce and prevent SPS trade disputes among countries. Accordingly, APHIS has played an active role in the ICPM, particularly in its standard setting program.

The ICPM, which met for its 6<sup>th</sup> annual session in Rome, Italy, adopted three new international phytosanitary standards, including:

1. Guidelines for conducting risk assessments of Living Modified Organisms: These guidelines are an important foundation standard for evaluating pest risk potential of biotechnology products.
2. Guidelines for a phytosanitary Import Regulatory System: This standard defines an internationally acceptable structure and operations of an import regulatory system for plant health protection purposes.
3. Guidelines for conducting risk assessments of regulated non-quarantine pests: This standard ensures that phytosanitary measures applied to such pests of regulatory concern are based on an internationally recognized risk assessment process.

More information on international standard setting at the IPPC can be found on the APHIS web site at: <http://www.aphis.usda.gov/ppq/pim/standards/>.

### **World Animal Health Organization, (OIE)**

The basic mission of the World Organization for Animal Health (OIE was the original French acronym and has been kept due to its recognition), which has a membership of over 166 member countries, is to prevent the spread of animal diseases. To this end, the OIE's major functions are to collect and disseminate information on the distribution and occurrence of animal diseases, to coordinate research on contagious animal diseases, and to develop international standards for the safe movement of animals and animal products in international trade.

The SPS Agreement designated the OIE as the international forum for setting standards on animal health and zoonoses for international trade. While the OIE has traditionally focused on diseases of livestock and on setting diagnostic standards (e.g., for vaccines and reagents), it has also begun to address disease risks associated with wildlife and animal aquatic species. Considerable progress has

already been achieved in establishing OIE standards for trade in aquatic species (e.g., fish, crustaceans, and mollusks).

USDA's Animal and Plant Health Inspection Service (APHIS) plays an active role in the OIE's standard-setting activities. APHIS participates vigorously in the various OIE Commissions and Working Groups, where OIE positions, policies, and standards are developed and drafted. These include the International Animal Health Code Commission which develops health standards to ensure the safety of international trade in animals and animal products that trading partners must observe to avoid the transfer of agents pathogenic to animals or humans, the Foot-and-Mouth Disease and Other Epizootics Commission, the Fish Diseases Commission, the Working Group on Wildlife Diseases, the Ad-hoc Groups on Animal Welfare, on Animal Production Food Safety, Avian Influenza and several others disease specific expert groups.

Specifically, at its 72<sup>nd</sup> General Session in July 2004, the Code Commission opened its session by mentioning that it was shifting its emphasis from one on how to attain country or zone freedom for a given disease to a commodity risk-based approach. The main goal for this change in approach is to advise its Members on health measures that can be applied to safely trade in animals and animal products. The International Committee voted to adopt the following Code Chapters with only minor proposed changes:

- a. Bovine Brucellosis
- b. Rinderpest
- c. Contagious Bovine Pleuropneumonia
- d. Evaluation of Veterinary Services
- e. Classical Swine Fever
- f. Equine Influenza
- g. Rabies

The International Committee voted to delete completely the text of the Code Chapters on Leptospirosis and Paratuberculosis, because they are outdated and do not address current needs. New text for these chapters will be developed during the next two years.

In addition, the OIE delegates voted to adopt updated animal disease standards into the 2004 International Animal Health Code. These included:

1. Foot and Mouth Disease— The most significant change to the Code Chapter on FMD pertained to the Articles in the chapter dealing with countries or zones “free with vaccination”. Rather than to require such countries or zones show that they are free of FMD “infection”, they must demonstrate that they are free of FMD “virus *circulation*”.
2. Bovine Spongiform Encephalopathy— For countries that are considered to be of moderate or high BSE risk, the OIE recommends NOT trading in certain commodities from cattle of any age – one of these commodities are intestines – and this includes the entire intestinal tract. Protein free tallow (tallow that is less than 0.15% protein by weight) can continue to be traded as a commodity without restriction.
3. Avian influenza--- Following discussions held during the last General Session on a revised chapter, the Code Commission addressed the need to improve the transparency of notification of AI while minimizing unjustified trade restrictions arising from notification of strains of low pathogenicity. The Member Countries agreed to incorporate the draft text into the Code

Manual as a chapter that is “under study or development”; however, its contents would have no effect and instead, the current Code chapter as it appears in the 2003 *Code* would continue to be in effect.

**Animal Welfare:** Although no specific Code chapter was adopted (these will be developed during the next year), the International Committee adopted a new Chapter which summarizes the “Guiding Principles for Animal Welfare”.

More information about the international standard setting at the OIE can be found on the APHIS website at: <http://www.aphis.usda.gov/vs/ncie/oie/>

## COMPILING THE SPS ACCOMPLISHMENTS REPORT

In order to ensure continuity and consistency from year to year, a number of definitions were established to describe what constitutes an SPS accomplishment. The APHIS definition of an accomplishment is provided in the introduction of this report. Furthermore, three categories of accomplishments were established. All accomplishments are classified as other new market access, market expansion, or market retention issues. These definitions have been used since the first report for FY1996 was prepared.

The process by which the data on SPS Accomplishment Report was compiled, prepared, and then analyzed is also standardized (the methodology was first used for the FY1997 report). The APHIS Trade Support Team coordinates the collection of data on trade issues resolved, as well as on international standard setting activities of IPPC and OIE and technical assistance.

The primary source of information on trade accomplishments comes directly from the APHIS staffs directly involved with the trade issue. The Phytosanitary Issues Management staff (part of Plant Protection and Quarantine) and the National Center for Import/Export (part of Veterinary Services) provide information on plant and animal health issues, respectively. In addition, APHIS' Foreign Service officers are polled about their SPS accomplishments and activities. Additional information is also gathered from APHIS' press releases and from other sources such as, USDA's weekly SPS/ TBT meeting.

Once the list of trade accomplishments is complete, the value of each accomplishment is estimated (where possible). The value of each accomplishment is presented in two ways: first the value of actual trade in the affected commodity during fiscal 2004, and second, an estimate of the trade potential value of the market. The potential value of the market is an estimate of the level trade could reach over the next few years. Using the same data sources for each year's Report facilitates comparisons of the value of accomplishments from year to year.

The primary source of trade data is the USDA publication *Foreign Agricultural Trade of the United States*, which is based on U.S. Census Bureau data. For some products, trade data are not recorded. For example, in FY2004, trade data were not available for fetal bovine serum, *penjing* plants, spray dried blood, eucalyptus logs, lumber, and chips. Estimating this potential value of an SPS accomplishment can be a challenge, especially where new exports to a previously closed market are concerned. In arriving at these estimates, the report considers factors such as similar exports by other countries, the importing countries' purchasing power, and sales into comparable markets. Sources used for the estimates include market reports compiled by the Foreign Agricultural Service and industry estimates, in addition to trade data.